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**FISCAL IMPACT STATEMENT**

**LS 7109**

**BILL NUMBER:** SB 417

**NOTE PREPARED:** Jan 11, 2010

**BILL AMENDED:**

**SUBJECT:** Contract, arbitration, and ADR validity.

**FIRST AUTHOR:** Sen. Head

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill provides that if a contract purports to choose, as the law governing the contract, the laws of a foreign jurisdiction, a foreign legal code, a legal system, an arbitration process, or an alternative dispute resolution process that does not grant the parties the same fundamental liberties, rights, and privileges granted under the Constitutions of the United States or the State of Indiana, the choice is not enforceable.

The bill provides that an arbitration or alternative dispute resolution ruling or decision is not enforceable if the decision or ruling is made by a third person and based on foreign jurisdiction law, a foreign legal code, or a legal system that does not grant the parties the same fundamental liberties, rights, and privileges granted under the Constitutions of the United States and the State of Indiana.

**Effective Date:** July 1, 2010.

**Explanation of State Expenditures:** The bill has indeterminate fiscal impact based on the specific circumstances of contracts and the possibility of arbitration or alternative dispute resolution being necessary during the term of a contract.

**Background:** The statute concerning public-private agreements for the Indiana Department of Transportation, the Indiana Finance Authority, or an operator allows a contract to be subject to alternative dispute resolution governed by the section of the Indiana Code amended by this bill.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** All.

**Local Agencies Affected:**

**Information Sources:**

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